

Approval of March 6, 2003 Minutes
ADMINISTRATION COMMITTEE ATTACHMENT #3.1
Thursday, April 3, 2003

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SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
Administration Committee Minutes
March 6, 2003

THE FOLLOWING MINUTES ARE A SUMMARY OF ACTIONS TAKEN BY THE ADMINISTRATION COMMITTEE. AUDIO CASSETTE TAPES OF THE MEETING ARE AVAILABLE FOR LISTENING IN SCAG'S OFFICE.

The Administration Committee held its meeting at the SCAG Offices, 818 W. 7th Street, 12th Floor, Los Angeles, CA 90017.

1.0 CALL TO ORDER

Councilmember Sidney Tyler called the meeting to order at 9:12 a.m.

Committee Members Present:

Mayor William Alexander	City of Rancho Cucamonga
Councilmember Hal Bernson	City of Los Angeles
Mayor Lee Ann Garcia	City of Grand Terrace
Mayor Bev Perry	City of Brea
Mayor Ron Roberts	City of Temecula
Supervisor Charles V. Smith	County of Orange
Councilmember Sidney Tyler	City of Pasadena
Councilmember Toni Young	City of Port Hueneme

Committee Members Absent:

Councilmember Ron Bates	City of Los Alamitos
Mayor Richard Dixon	City of Lake Forest
Councilmember Janice Hahn	City of Los Angeles
Supervisor Hank Kuiper	County of Imperial
Mayor Ron Loveridge	City of Riverside
Supervisor Judy Mikels	County of Ventura
Mayor Pro Tem Bea Proo	City of Pico Rivera

Staff Present:

Bert Becker	Chief Financial Officer
Sondra Morison	Controller

Others Present:

Jeff Lustgarten	Cerrell
Ed Jones	SCAG Liaison
Phyllis Winger	City of LA/Councilman Bernson's Staff
Zahi Faranesh	SCAG
Al Perdon	Albert Perdon & Associates
Robin Lowe	RCTC
Jeff Davis	Caltrans
David Sosa	Caltrans
David Huang	SCAG

2.0 PUBLIC COMMENT PERIOD

No public comment.

3.0 CONSENT CALENDAR

The Consent Calendar was MOVED (Councilmember Toni Young), SECONDED (Mayor Ron Roberts), and UNANIMOUSLY APPROVED.

3.1 Approval Items

3.1.1 Minutes of the February 6, 2003 Meeting

3.1.2 Request for SCAG co-sponsorship of 2003 High-Speed Ground Transportation Association Annual Conference

3.1.3 Approval of Contracts

- IBI Group
- Solimar Research Group
- Xerox
- Meyer Mohaddes

3.2 Receive & File

3.2.1 Conflict of Interest Listing
(Info Only) RC Attachment

3.2.2 Contracts & Purchase Orders

- Hummingbird

4.0 ACTION ITEMS

4.1 Administration Committee Report

4.1.1 2003 General Fund Budget

This item was MOVED (Mayor Bev Perry), SECONDED (Councilmember Hal Bernson) and UNANIMOUSLY APPROVED with the following recommendations:

- The special projects line item be reduced to \$50,000 and the balance be placed in a new line item to pay down the line of credit.
- The General Assembly line item be reduced to \$5,000 and the balance also be placed in a new line item to pay down the line of credit.

4.1.2 Draft FY 2003-2004 Overall Work Program

This item was MOVED (Mayor Bev Perry), SECONDED (Mayor Lee Ann Garcia) and UNANIMOUSLY APPROVED.

4.1.3 Proposed Date, Location, and Budget for SCAG's 2003 General Assembly

This item was MOVED (Councilmember Toni Young), SECONDED (Mayor Bev Perry) and UNANIMOUSLY APPROVED.

4.1.4 Authorization to submit a grant application to U.S. EPA to Study Air Quality Impacts

This item was MOVED (Councilmember Toni Young), SECONDED (Councilmember Hal Bernson) and UNANIMOUSLY APPROVED.

4.1.5 Proposed Membership Dues Increase

This item was MOVED (Mayor Bev Perry), SECONDED (Supervisor Charles Smith) and UNANIMOUSLY APPROVED.

5.0 INFORMATION ITEMS

5.1 Monthly Financial Report

Bert Becker informed the committee that Budget Amendment #1 has been approved by Caltrans on February 24, 2003. Budget Amendment #2 will be brought to this Committee for adoption at the April 3, 2003 meeting. A report on State Budget impasse implications will also be brought to the Committee for review.

The external audit with KPMG has been scheduled to begin March 10, 2003. It will take approximately 3-4 weeks of fieldwork and then a week or two to develop the report. The report will be brought to the Committee at its May meeting.

6.0 FUTURE AGENDA ITEMS

7.0 ANNOUNCEMENTS

8.0 ADJOURNMENT

Councilmember Sidney Tyler adjourned the meeting at 10:05 a.m.


Bert Becker, Chief Financial Officer
Staff to the Administration Committee


Financial Strategies for Dealing With a Delayed State Budget – FY 2003-04
INFORMATION ITEM # 5.3
Thursday, April 3, 2003

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MEMO

DATE: April 3, 2003

TO: Administration Committee/Regional Council

FROM: Bert Becker, Chief Financial Officer
(213) 236-1960 becker@scag.ca.gov 

SUBJECT: Financial Strategies for Dealing With a Delayed State Budget – FY 2003-04

RECOMMENDATION:

Information Only.

SUMMARY:

Last year the State budget was not approved until early September rather than by the normal July 1 date. This delay placed a great burden on SCAG's limited working capital. The State determined last year that all revenue sources, even Federal grant funds, must flow through the State budget. Because the budget was not adopted, SCAG could not be reimbursed for its expenses. During the summer of 2002, SCAG took numerous actions to defer payments to vendors and contractors in order to continue to meet payroll.

This year, we would like to be far more proactive in anticipation of a potential delay in adoption of the State budget. This report is a starting point for discussion with the Administration Committee and includes potential strategies to allow SCAG to operate for a period of time until the State budget is adopted.

The strategies listed may not be all inclusive and work has already begun on some of them.

1. Legislation – Obtain State legislation that will exempt Federal transportation funds from the restrictions of the State budget. Since the funding is already approved by the Federal government, and the State is merely passing it through, it should not be delayed due to internal State issues. SCAG staff is exploring this issue with the State and with Cal-COG and will report progress to the Administration Committee.
2. Direct Billing to Federal Government – We have explored the option of billing Federal grant providers directly, thereby eliminating the issue of the State budget. This option would most likely require Federal legislation and may be difficult to implement in the timeframes required.
3. Line-of Credit (LOC) - Last year our bank and Caltrans allowed us to draw against our LOC even though Caltrans could not pay our invoices until the State budget was adopted. By September, we had just about exhausted our \$5 million LOC. We will discuss this option with the bank and Caltrans to insure that, if needed, this can be implemented this year as well.



MEMO

4. Defer Payments - There are numerous options available to defer contractor, vendor, and other payments and we would propose to implement these options immediately after July 1, if the State budget is not adopted. Meeting payroll will be the first priority. Payroll expenses generally cost around \$40,000 per day.

At the beginning of the fiscal year, we receive slightly more than \$1 million in member dues and \$1 million in TDA funds. These funds coupled with our General Fund balance available should provide enough cash to fund 5-6 bi-weekly payrolls.

At the beginning of the fiscal year, we will advise all contractors that we cannot pay any bills until the State budget is approved. This will save cash for SCAG staff and absolutely necessary operational expenses. Contractors may be advised that, at their option, they may continue working but be paid by SCAG only after the State Budget is approved.

Other strategies include deferring equipment purchases, travel, subscriptions, memberships and other miscellaneous expenditures.

By implementing the cost deferral items mentioned above, SCAG may be able to meet payroll and pay absolutely necessary operational expenses into the October to November timeframe. Our personnel rules require a 30-day layoff notice to our employees. If the State has not adopted a budget by early September, we will be forced to provide that 30-day layoff notification to all employees.

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